1.   PARTIES

The Montana Department of Corrections (DEPARTMENT) and **Montana Manufacturing Extension Center, Montana State University (CONTRACTOR)** enter into this Contract **(09-027-MCE)**. The party's names, addresses, and telephone numbers are as follows:

Montana Department of Corrections
Montana Correctional Enterprises (MCE)
1539 11th Avenue
PO Box 201301
Helena, MT 59620-1301
(406) 444-3930

Montana Manufacturing Extension Center
Montana State University
PO Box 174255
Bozeman MT 59717
(406) 243-6613

DEPARTMENT AND CONTRACTOR, AS PARTIES TO THIS CONTRACT AND FOR THE CONSIDERATION SET FORTH BELOW, AGREE AS FOLLOWS:

2.   DUTIES/RESPONSIBILITIES OF THE CONTRACTOR

CONTRACTOR hereby agrees to provide Software Needs Identification and develop a software requirements document in accordance with the Statement of Work (SOW) attached to, and included as a part of, this contract.

3.   COMPENSATION/BILLING

DEPARTMENT shall compensate CONTRACTOR for successful delivery of services, provided pursuant to Section 2, in the following manner:

A.   DEPARTMENT shall pay CONTRACTOR in accordance with Section 5.3 – Deliverables and Section 12.0 – Compensation and Payment Schedule of the Scope of Work. The total amount paid to CONTRACTOR shall **not exceed $23,550.00** (twenty three thousand five-hundred fifty and 00/100 Dollars) for the services described herein.

B.   DEPARTMENT agrees to pay CONTRACTOR within 30 days following receipt of a correct invoice.

C.   DEPARTMENT may withhold payments to CONTRACTOR if CONTRACTOR has not performed in accordance with the terms of this Contract.

D.   The Contract number must be referenced on all invoices and correspondence pertaining to this Contract.

4.   AGENCY ASSISTANCE

To the extent possible, CONTRACTOR shall use its own facilities and equipment in providing the services set forth in Section 2. However, the parties recognize that services provided to DEPARTMENT may occur within the confines of a secure correctional facility necessitating the use of DEPARTMENT facilities and equipment including, but not limited to, access to inmate records, work space within a correctional facility, and telephone service (e.g., Montana State Prison and Montana Women's Prison do not allow wireless phones within facility).

5. TIME OF PERFORMANCE

This Contract shall take effect upon receipt of final contract signature and shall terminate upon successful completion of the project or September 30, 2009, whichever occurs first, unless terminated earlier in accordance with the terms of this Contract. This Contract may, upon mutual agreement and according to the terms of the existing Contract, be extended to allow completion of the project.

Upon expiration of this Contract, and in the absence of a new written agreement, the terms listed herein shall continue to govern the agreement between the parties until such time as a new Contract is signed.

6. LIAISONS AND NOTICE

A. Johnal Holst, Industries Director (406-846-1320, ext. 2320), 350 Conley Lake Road, Deer Lodge MT 59722, or successor serves as DEPARTMENT'S liaison.

B. Kreg Worrest (406-243-6613), Montana Manufacturing Extension Center, PO Box 174255, Bozeman MT 59717, or successor serves as CONTRACTOR'S liaison.

C. All notices and invoices required in this Contract shall be in writing, properly addressed to the liaison in (A) and (B) above, and mailed first-class, postage prepaid. All notices sent via U.S. Postal Service are deemed effective on the date of postmark. Notices and invoices mailed through another carrier (e.g., UPS or FedEx) are effective upon receipt.

7. OWNERSHIP AND PUBLICATION OF MATERIALS

All materials CONTRACTOR develops or utilizes (i.e., reports, spreadsheets, etc.) in performing the services set forth in Section 2 above shall be the sole property of DEPARTMENT.

8. COMPLIANCE WITH WORKERS' COMPENSATION ACT

CONTRACTOR is an agency of the State of Montana and is a program of Montana State University. Montana State University complies with the Worker's Compensation laws of Montana by participation in the Montana University System self-insurance program.

9. INSURANCE

CONTRACTOR is an agency of the State of Montana which is self-insured under the provisions of Title 2, Ch. 9, Montana Code Annotated. CONTRACTOR will maintain insurance required for state agencies as provided under Title 2, Ch. 9, Montana Code Annotated. The statutory limits of liability are $750,000 for each claim and $1.5 million for each occurrence. A certificate of insurance will be provided to Contracts Management Bureau, 1539 11th Avenue, Helena MT 59620, prior to the start of any work under this Contract.

10. ACCESS AND RETENTION OF RECORDS

CONTRACTOR agrees to provide DEPARTMENT, the Legislative Auditor, or their authorized agents with access to any records necessary to determine Contract compliance (Ref. 18-1-118, MCA). CONTRACTOR agrees to create and retain all records supporting the services rendered and/or supplies delivered for a period of three years after either the completion date of this Contract or the conclusion of any claim, litigation, or exception relating to this Contract taken by the State of Montana or a third party.

11. PUBLIC INFORMATION

CONTRACTOR recognizes that this Contract may be subject to public inspection pursuant to Article 2, § 9 of the Montana Constitution. DEPARTMENT has a limited ability to assert a privacy interest in the subject matter of the Contract particularly with respect to information which is in the nature of a "trade secret" as the phrase is defined in federal law. In any event, CONTRACTOR agrees to hold DEPARTMENT harmless from any injury caused, in whole or in part, by the review of this agreement by an entity authorized to do so pursuant to Article 2, § 9 of the Montana Constitution.

12. ASSIGNMENT, TRANSFER AND SUBCONTRACTING

CONTRACTOR shall not assign, sell, transfer, subcontract or sublet rights, or delegate duties under this Contract, in whole or in part, without the prior written approval of DEPARTMENT. No such written approval shall relieve CONTRACTOR of any obligation of this Contract and any transferee or subcontractor shall be considered the agent of CONTRACTOR. CONTACTOR shall remain liable as between the original parties to the Contract as if no such assignment had occurred.

13. AMENDMENTS

All amendments to this Contract shall be in writing and signed by the parties.

14. COMPLIANCE WITH LAWS

CONTRACTOR must, in performance of work under the Contract, fully comply with all applicable federal, state, or local laws, rules and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by CONTRACTOR subjects subcontractors to the same provision. In accordance with section 49-3-207, MCA, CONTRACTOR agrees that the hiring of persons to perform the Contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by persons performing the Contract.

15. TERMINATION AND DEFAULT

A. DEPARTMENT may, by written notice to CONTRACTOR, terminate this Contract in whole or in part at any time CONTRACTOR fails to perform as required in this Contract.

B. Either party may terminate this Contract without cause by providing written notice to the other as described in this paragraph. The party desiring to terminate the Contract shall provide written notice to the other, which notice will establish a termination date not less than 30 days from the date of such notice. The termination of this Contract shall not limit any party's pursuit of remedies provided in this Contract or otherwise available under the laws of the State of Montana.

C. DEPARTMENT, at its sole discretion, may, without 30 days notice, terminate or reduce the scope of this Contract if available funding is reduced for any reason.

D. Failure on the part of either party to perform the provisions of this Contract constitutes default. Default may result in pursuit of a remedy for breach of Contract including, but not limited to, monetary damages or specific performance.

16. CHOICE OF LAW AND VENUE

The laws of Montana govern this Contract. The parties agree that any mediation, arbitration or litigation concerning this Contract must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees (Ref. 18-1-401, MCA).

17. INTEGRATION

This Contract contains the entire agreement between the parties and no statement, promises, or inducements made by either party or agents thereof, which are not contained in the written Contract, shall be binding or valid. This Contract shall not be enlarged, modified, or altered except upon written agreement signed by all parties to the Contract.

18. SEVERABILITY

A declaration by any court, or any other binding legal source, that any provision of this Contract is illegal and void shall not affect the legality and enforceability of any other provision of this Contract, unless the provisions are mutually dependent.

19. COMPLETED CONTRACT

DEPARTMENT cannot disburse any payments under this Contract until a fully executed original Contract is returned to the Department of Corrections, Contracts Management Bureau, PO Box 201301, 1539 11th Avenue, Helena, MT 59620-1301.

SIGNATURE

DEPARTMENT

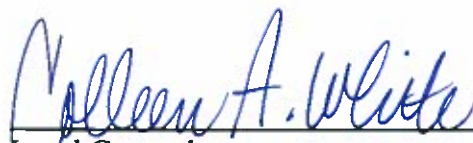Gayle Lambert, Administrator
Montana Correctional Enterprises

3/20/2009
Date

CONTRACTOR

4/16/09
Date

Approved for Legal Content by:

Legal Counsel
Department of Corrections

3/12/09
Date

Statement of Work

For

Montana Correctional Enterprises
Software Needs Identification

Between:	Montana Correctional Enterprises
	And
	Montana Manufacturing Extension Center
Prepared by:	Johnal Holst

Effective Date: Upon Contract Signature through September 30, 2009

Under Contract #: 09-027-MCE

Under Contract Name: Montana Correctional Enterprises Software Needs Identification

Table of Contents

1.0 Introduction

1.1 Project Title

This work is for Software Needs Identification analysis intended to produce a software requirements document that can be used as a bid document.

This Statement of Work (SOW) is made and entered by and between Montana Correctional Enterprises and Montana Manufacturing Extension Center. This SOW incorporates by reference the terms and conditions of Contract Number [09-027-MCE] in effect between the State and Montana Manufacturing Extension Center. In case of any conflict between this SOW and the Contract, the Contract shall prevail. The Agency and Contractor agree as follows:

1.2 Background

Montana Correctional Enterprises (MCE) provides employment and training opportunities to offenders, which enhances public safety, promotes positive change in offender behavior, reintegrates offenders into the community and supports victims of crime.[1]

MCE work programs support the following Montana Department of Corrections Business Goals as outlined in the 2010-2011 Montana Department of Corrections IT Plan:
- To reduce the risk that offenders will re-offend
- To operate correctional programs that emphasize offender accountability
- To provide work and program environments based on professionalism, personal responsibility and respect.[2]

Montana Correctional Enterprise employs over 400 inmates in its Agricultural, Food and Industries programs.[3] The work opportunities provided by MCE serve the State of Montana by developing an inmate's sense of self-worth, develops the inmate's skill and work ethic which increases the inmate's chance for success after release from prison, reduces recidivism, and reduces problems associated with inmate idleness.[4]

The Department of Corrections is funded by State legislative authority. MCE has an obligation within the Montana Department of Corrections to provide inmate employment at no additional cost to the taxpayers of Montana. MCE is audited on a bi-annual basis by Legislative Auditors to ensure the integrity of financial and program operations. Costs to run the program are covered by revenue streams from the sale of MCE products and services. In addition to covering its materials, labor and other operating costs, MCE programs transfer in excess of $90,000 in interest earnings to the General Fund on an annual basis.[3,4]

MCE must comply with the accounting and financial reporting requirements established by the Accounting Bureau of the Montana Department of Administration. However, the existing accounting and financial system within MCE does not lend itself to timely management of program operations. Each operation within MCE has its own uniquely developed management software system. Several problems result from the current situation:

- Inmate-developed custom software – Industries programs rely on small, inmate run PC networks to provide business functions.[3] Programs within MCE are managed from custom, inmate-developed Microsoft Excel spreadsheets or Microsoft Access databases. The custom-developed spreadsheets or databases aren't documented with respect to the system's architecture. Further, inmates have the ability to modify these spreadsheets. Changes to the custom software are also not documented. This reduces management's control over program operations. These inmate-developed systems have the potential to undermine the prison's primary security objective as undocumented software applications put departments at risk of loosing control of data functions which impact daily operations.

-

IT Goal 11 in the 2010-2011 Montana Department of Corrections IT Plan is to develop and document processes and internal controls.[2] The proposed project supports this objective by documenting the work practices within MCE. This is a necessary first step to defining the functional requirements for enterprise resource planning (ERP) software. The ultimate selection of a fully documented ERP software system to replace the inmate-developed spreadsheets and databases will provide additional controls to MCE staff and reduce the risk of unauthorized communications.

- Higher costs – The custom, inmate-developed software results in higher program costs in several ways
    - More labor is needed to re-enter data into a consolidated financial report at the MCE enterprise level since program financials come from different software sources.
    - Data entry errors require more labor time to investigate and correct. Errors not found have an unknown impact on the consolidated financial reports
    - Purchasing costs are higher because the different programs can't take advantage of volume purchase discounts that exist at the enterprise level.

- Financial reporting delays - The completion of periodic financial reporting is delayed due to the significant amount of data that must be re-entered into the separate database. The risk of data entry error is high given the amount of data that needs to be entered. This further delays the completion of the financial reports as investigations are undertaken to find and correct data entry errors.

Discussion supporting IT Objective 9-1 in the 2010-2011 Montana Department of Corrections IT Plan states that "many business processes in the Department can be streamlined with the help of applicable information systems. Many areas suffer from duplication of work or are too time consuming with the current tools available."[2]

This project supports the Department's business objective by reducing cost and reporting time delays by defining the requirements for an enterprise software solution for the Montana Correctional Enterprises work programs.

1.3 Objectives

The objective of the project is to develop a list of functional requirements that will be sent to providers of Enterprise Resource Planning software in the form of a Invitation for Bid.

The anticipated ultimate outcome of selecting and implementing new integrated enterprise management software is more efficient processing of periodic financial reports, more timely reporting of the financials and better control of program operations. Note, however, that the selection and installation of the ERP software is not included in the scope of this project.

1.4 Reference to other applicable documents
1   MCE Mission statement
2   State of Montana Department of Corrections IT Plan 2010-2011
3   State of Montana Department of Corrections IT Plan 2008-2009
4   MCE website

2.0 Staffing Roles and Responsibilities

2.1 Staffing

Project Manager – Contractor
The Contractor's Project Manager is:

Name: Kreg Worrest
Contractor: Montana Manufacturing Extension Center

Address: P.O. Box 174255
City: Bozeman
State & Zip: MT, 59717
Phone: 406-243-6613
Cell: 406-581-4684
Fax: 406-243-2086
Email: kworrest@coe.montana.edu

Project Manager – Agency
The Agency's Project Manager is:

Name: Johnal Holst
Agency: Montana Correctional Enterprises
Address: 350 Conley Lake Road
City: Deer Lodge
State & Zip: MT, 59722
Phone: 406-846-1320 x2320
Cell:
Fax: 406-846-2957
Email: jholst@mt.gov

2.2 Roles and Responsibilities Matrix

The project will utilize part-time engineering resources from the Montana Manufacturing Extension Center to assess work activities and how the work activities interface with management software for selected programs within MCE.

Organization	Function
Montana Correctional Enterprises	Agency project management – SOW and project plan Support contractor work analysis evaluations Acceptance approval of the project deliverable Approval of contractor invoicing (milestone and final)
Department of Administration	Definition of software reporting requirements
Montana Manufacturing Extension Center	Contractor project management – SOW and project plan MCE work analysis Milestone reporting Development of project deliverable – ERP software IFB

Contractor Staff, Roles and Responsibilities

Major Task	Contractor	Hours	Rate	Cost
Project orientation	Kreg Worrest	4	$750 (flat fee)	$750
Map MCE hardware and software assets	Kreg Worrest	24	$95.00	2,280
Work analysis – MCE Accounting	Kreg Worrest	32	$95.00	$3,040
Work analysis – Ranch	Kreg Worrest	32	$95.00	$3,040
Work analysis – Dairy	Kreg Worrest	28	$95.00	$2,660

Work analysis - Food Factory	Kreg Worrest	20	$95.00	$1,900
Work analysis – Furniture	Kreg Worrest	32	$95.00	$3,040
Work analysis – Tag/Print Shop	Kreg Worrest	16	$95.00	$1,520
Work analysis – Motor Vehicle Maintenance	Kreg Worrest	32	$95.00	$3,040
Develop RFQ requirements document	Kreg Worrest	24	$95.00	$2,280

Agency Staff, Roles and Responsibilities

Workgroup / Agency	Individuals	Function	Responsibilities
Montana Correctional Enterprises	Johnal Holst	Agency project management - SOW and project plan	- Develop and maintain the SOW and project plan - Provide an orientation session to MCE staff regarding the project and its objective - Manage project milestone performance - Receive periodic project status reports - Coordinate changes to scope and schedule
	Johnal Holst	Support contractor work analysis evaluations	- Identify existing MCE hardware and software assets
	MCE Business Manager Andrew Olcott	Support contractor work analysis evaluations	- provide access to MMEC contractor for MCE work analysis - answer questions regarding department work activities
	Ranch Manager Bill Dabney	Support contractor work analysis evaluations	- provide access to MMEC contractor for MCE work analysis - answer questions regarding department work activities
	Dairy Manager Dave Miller	Support contractor work analysis evaluations	- provide access to MMEC contractor for MCE work analysis - answer questions regarding department work activities
	Food Factory Manager Joe Mihelic	Support contractor work analysis evaluations	- provide access to MMEC contractor for MCE work analysis - answer questions regarding department work activities
	Furniture Manager Joe Acebedo	Support contractor work analysis evaluations	- provide access to MMEC contractor for MCE work analysis - answer questions regarding department work activities
	Tag/Print Shop Manager	Support contractor work analysis evaluations	- provide access to MMEC contractor for MCE work analysis - answer questions regarding department work activities
	Motor Vehicle Maintenance Manager	Support contractor work analysis evaluations	- provide access to MMEC contractor for MCE work analysis - answer questions regarding department

			work activities
	Johnal Holst	Acceptance approval of the project deliverable	- Determine acceptance criteria - Review deliverable for final acceptance
	Johnal Holst	Approval of contractor invoicing (milestone and final)	- Receive periodic project status reports - Approval milestone invoicing based on achieved performance
Department of Administration		Definition of software reporting requirements	- Provide a definition of the MCE financial reporting requirements to the SABHRS system

3.0 Key Assumptions

    a) **The selected MCE programs are representative of all other MCE programs**
        Montana Correctional Enterprises consists of many different programs among which are:

           1) MCE Ranch   (Agricultural)
           2) MCE Dairy   (Agricultural)
           3) Lumber Processing   (Agricultural)
           4) Inmate Fire Crew   (Agricultural)
           5) Furniture   (Industries)
           6) Upholstery   (Industries)
           7) Sign Shop   (Industries)
           8) Print Shop   (Industries)
           9) PIECP   (Industries)
          10) Food Factory   (Food Factory)
          11) Motor Vehicle Maintenance (Vocational Education)
          12) Heavy/AG Equipment   (Vocational Education)
          13) Welding & Machine   (Vocational Education)
          14) Laundry Operations   (Vocational Education)
          15) Cannery/Food Processing   (Vocational Education)

        It is assumed that the five programs selected for study (Ranch, Dairy, Furniture, Tag/Print Shop and Motor Vehicle Maintenance) along with the MCE Accounting office represent the breadth of work activities for material purchases and inventory control, labor payroll and labor work content, work management and financial reporting.

    b) **It is assumed that access to program work areas will be available**
        Work analysis will be conducted inside the Montana State Prison at Deer Lodge and it is assumed that DOC personnel will maintain control of work areas for the duration of the work period. Lack of security control could have a significant impact on the ability of the project to be completed.

4.0 Risks

    Quality of Work: The Contractor must provide a "double guarantee" that their work will be accomplished satisfactorily. In the event that errors are found with the Contractor's work, the Contractor will correct the identified errors without additional cost to the State. In the event errors cannot be corrected satisfactorily, the State is under no obligation to pay for work that does not meet the acceptance criteria.

    Project Timeliness: The Contractor shall provide sufficient resources to the project to ensure its timely completion. The Contractor will allocate other staff resources to the project as necessary to ensure scheduled delivery integrity.

5.0 Scope of Work

This project is limited to the Montana Correctional Enterprises operation in Deer Lodge, MT. The project's objective is to develop a software requirements document that can be used as a Invitation for Bid that will be mailed to ERP software providers.

5.1 Inclusions

The scope of work includes an orientation training session for MCE program supervisors so they understand the overall project and work processes. This training session will be jointly conducted by the MCE Industries Director and the MMEC Project Engineer.

A work analysis of the MCE Ranch, Dairy, Furniture, Tag/Print Shop and Motor Vehicle Maintenance areas will be conducted by the MMEC Engineer. Process maps will be generated to identify work activities and how those activities impact software requirements. Among the key elements of the work analysis will be mapping how work is accomplished in each program area for:
- human resources and payroll
- inventory and material control
- work control including job scheduling and job costing
- asset management

Work analysis will also be conducted in the MCE Accounting department with respect to how consolidated financial reports are generated and reported to the state SABHRS system.

5.2 Exclusions

Not included as part of the scope of this project are any MCE work sites outside of the main facility in Deer Lodge, MT

Also not included is:
1. the evaluation of the software providers' IFB responses against the software functional performance requirements list,
2. the evaluation of potential trade-offs between what was required and what vendor software can achieve,
3. the selection and/or purchase of a specific ERP software package,
4. the installation of the software,
5. user training on the software

5.3 Deliverables

Deliverable	Status	Date	Invoice Amount	Approval
Orientation training	Milestone	Within one month of project approval	$600*	MCE Project Manager
Monthly status report	Milestone	End of Month 1	N/A	MCE Project Manager
Software and Hardware Asset Map	Milestone	Within two months of project approval	$1,800*	MCE Project Manager
Monthly status report	Milestone	End of Month 2	N/A	MCE Project Manager
Work analysis process map – Ranch	Milestone	Within three months of project approval	$2,400*	MCE Project Manager
Work analysis process map – Dairy	Milestone	Within three months of	$2,100*	MCE Project

		project approval		Manager
Monthly status report	Milestone	End of Month 3	N/A	MCE Project Manager
Work analysis process map – Furniture	Milestone	Within four months of project approval	$2,400*	MCE Project Manager
Work analysis process map – Tag/Print Shop	Milestone	Within four months of project approval	$1,200*	MCE Project Manager
Work analysis process map – Food Factory	Milestone	Within four months of project approval	$1,500*	MCE Project Manager
Monthly status report	Milestone	End of Month 4	N/A	MCE Project Manager
Work analysis process map – Motor Vehicle Maintenance	Milestone	Within five months of project approval	$2,400*	MCE Project Manager
Work analysis process map – MCE Accounting	Milestone	Within five months of project approval	$2,400*	MCE Project Manager
Monthly status report	Milestone	End of Month 5	N/A	MCE Project Manager
IFB Document	Final	Within six months of project approval	$6,750	MCE Project Manager

* the invoiced amount includes a holdback of equal to or greater than 20% for each project milestone task.
Upon delivery and acceptance of the IFB Document, the remaining balance will be invoiced including all holdbacks.

5.4 Milestones

See Section 5.3 above

6.0 Work Approach

This project will use the PMI PMBOK methodology.
(Reference: A Guide to Project Management Body of Knowledge (PMBOK Guide); 3rd Edition

1. **Project orientation training**
   Purpose: To communicate the project's objectives and methods to program managers.
   Delivery Method: PowerPoint training session followed by a question and answer period
   Content:
   • Define current state situation at MCE
     - MCE consists of 15 different revenue generating entities (see list in Section 3)
     - Each entity is operating on inmate-developed management software programs (Excel, Access, other)
     - Each system is independent and not integrated into an overall MCE management software system
     - Lack of integration creates inefficiencies for the business (duplicate entries, report lag time, etc.)
     - MCE entities need to be networked to provide for an efficient transfer of business data including but not limited to purchase orders, inventories, work orders, financial reports, payables, receivables, customer management information, etc.
     - Existing hardware at the various revenue generating entities will also need to be evaluated and upgraded as required to satisfy the functionality for the current generation of operating systems and components.
   • Define desired future state situation at MCE
     - Provide vision of the integrated software system
     - Present potentially acceptable alternatives to the integrated software system

- Define the work plan to close the gap between the current state and envisioned future state.
    - Identify key work areas to use as "leverage" points for the project
      (Ranch, Dairy, Furniture, Tag/Print Shop, Motor Vehicle Maintenance, MCE Accounting).
    - Conduct a work analysis to understand the work done in each key area.
    - Generate work process maps (flowcharts) as an output of the work analysis
    - Identify work requirements that could be automated with an integrated software system
    - Translate the work requirements into software system needs and generate a IFB requirements list.

NOTE: Items below this are required for software selection but are not part of the scope of this project
    - Send the IFB out to software providers.
    - Receive IFB responses and evaluate the responses against the work requirements list
    - Evaluate potential trade-offs between what's required and what each vendor's software can achieve.
    - Narrow the vendor list and conduct software demos with leading candidate companies
    - Select a software system and prepare for implementation (data conversion)
    - Train area managers and selected users on how to use the software.

2. **Work Analysis**
    Purpose: To define how work is accomplished in key areas of MCE and reported into the SABHRS system
    Delivery Method: On-site observation and interviews with area managers and software system users.
    Content:
    - Use observation and interviews to develop process maps for each key work area
      (refer to http://www.isixsigma.com/dictionary/Process_Map-101.htm for more information on process maps)
    - Use software selection questions to stimulate thinking of unusual situations that might be encountered (sample of software selection question list is provided as a separate attachment)
    - Identify user IT security requirements and other special needs for an integrated software system
    - Interview DOC IT personnel and DOC SABHRS staff on the SABHRS system to understand reporting requirements
    - Document the process map for the SABHRS system reporting requirements

3. **Development of software requirements for IFB**
    Purpose: To generate the Invitation for Bid requirements for mailing to software providers
    Delivery Method: Office work to prepare the paper report which will be delivered to the MCE Project Manager

    Content:
    - The final report will include the requirements that will be necessary for the software to perform. Among the anticipated key elements of the software will be modules or elements for:
        - Accounting, financial reporting and business management
        - Human resources and payroll
        - Inventory and material control
        - Work control including job scheduling and job costing
        - Asset management
        - Training
        - Software system security
        - Software system integration with the State of Montana's SABHRS system

7.0 Completion Criteria and Final Acceptance Criteria

7.1 Completion Criteria

Milestone performance deliverables will be in the form of process maps (flowcharts) for each of the selected MCE program areas.

An audit of the completed process maps will be conducted by the MCE Project Manager to assess the accuracy of the process maps. Audits may be conducted as either a desktop audit of the maps or via on-site audits of the work practice covered by the process map.

The contractor may invoice for completion of the phase of work represented by the submitted and accepted process maps.

Errors found with the audited process maps will require the contractor to complete a Corrective Action report that addresses the cause of the mapping error and recommended corrective action. Approval of the Corrective Action report will be made by the MCE Project Manager. Reworked process maps must be resubmitted for acceptance.

7.2 Final Acceptance

Final acceptance of the deliverable, a Invitation for Bid document that describes the functional performance needs of a future MCE integrated enterprise software system, is the responsibility of the MCE Project Manager. The delivered document will be compared for accuracy against the process maps that were submitted milestone deliverables.

If no errors are found during the final review of the IFB document, the MCE Project Manager will accept the deliverable and authorize the contractor to invoice for the balance of payment.

If errors are found during the document review, the MCE Project Manager will provide a listing that identifies any errors noted. The contractor will rework all identified errors and resubmit the IFB document for final acceptance.

8.0 Schedule

See Section 5.3 – Deliverables

9.0 Project Management (if applicable)

The project will be managed in accordance with the methodology of the PMBOK Guide and this Statement Of Work.

The project will be assessed on a monthly basis through the submission of monthly project status reports and project milestone deliverables (see Section 5.3 – Deliverables). This assessment will be conducted by the MCE Project Manager.

10.0 State Policies Standards and Computing Environment
State Policies, Standards and Computing Environment can be found on the state Web site at:
Environment - http://itsd.mt.gov/techmt/compenviron.mcpx
Policies - http://itsd.mt.gov/policy/default.mcpx
Supported Software- http://itsd.mt.gov/policy/software/default.mcpx

11.0 Timeline and Period of Performance

The period of performance for this project will start on receipt of final contract signature and the work tasks are estimated to continue through successful completion of the project or September 30, 2009, whichever is later. The State has the right to extend or terminate this SOW at its sole discretion.

12.0 Compensation and Payment Schedule

MCE shall pay the Contractor an amount not to exceed $23,550.00 dollars for the performance of all activities necessary for or incidental to the performance of work as set forth in this SOW. Contractor's compensation for services rendered shall be based on Contractor's prices as set forth in this section defining the staff and hourly rate plus expected hours per component of the project as follows:

Total project Cost		Total Cost: $23,550	
Phase 1: Orientation training	Cost:	$600	$750 less 20% holdback
Phase 2: Hardware and Software Asset Map	Cost:	$1,800	$2,280 less 21.05% holdback
Phase 2: Work analysis map – Ranch	Cost:	$2,400	$3,040 less 21.05% holdback
Phase 2: Work analysis map – Dairy	Cost:	$2,100	$2,660 less 21.05% holdback
Phase 2: Work analysis map – Industries	Cost:	$2,400	$3,040 less 21.05% holdback
Phase 2: Work analysis map - Tag/Print Shop	Cost:	$1,200	$1,520 less 21.05% holdback
Phase 2: Work analysis map - Food Factory	Cost:	$1,500	$1,900 less 21.05% holdback
Phase 2: Work analysis map – Motor Vehicle Maint.	Cost:	$2,400	$3,040 less 21.05% holdback
Phase 2: Work analysis map – MCE Accounting	Cost:	$2,400	$3,040 less 21.05% holdback
Phase 3: Final project deliverable – IFB document	Cost:	$6,750	$2,280 plus all holdbacks

All invoices must include details of tasks and deliverables being billed for. All tasks and deliverables being billed for must be reviewed and accepted by the MCE Project Manager prior to the approval of payment of each invoice.

Agency shall reimburse Contractor for travel and other expenses as identified in this SOW, or as authorized in writing, in advance by Agency. No payment of travel expenses will be made to Contractor for routine travel to and from Agency's location. Contractor shall provide a detailed itemization of expenses as requested by Agency. The amount reimbursed to Contractor is included in calculating the "not to exceed" amount specified above.

13.0 Miscellaneous

None

14.0 Appendices

None

Execution/Signature Block

In Witness Whereof, the parties hereto, having read this SOW for Software Needs Identification attached to Contract Number 09-027-MCE in its entirety, do agree thereto in each and every particular.

Approved   Approved

Montana Correctional Enterprises   Montana Manufacturing Extension Center

(signature)
_____
Signature

_____
Signature

Gayle M. Lambert
_____
Gayle Lambert, Administrator

Steven L. Hollan
_____
Print or Type Name

Administrator
_____
Title:

Director, MMFC
_____
Title:

4/20/2009
_____
Date:

4.16.09
_____
Date:

The contractor is notified that pursuant to 2-17-514, MCA, the Department of Administration retains the right to cancel or modify any contract, project or activity that is not in compliance with the Agency's Plan for Information Technology, the State Strategic Plan for Information Technology, or any statewide IT policy or standard.

Reviewed and Approved by:
Information Technology Services Division
Montana Department of Administration,
per MCA 2-17-512;

_____
CIO (or Agency Designee for Delegated IT Authority)

Date: 4-8-2009